

DOCKET SECTION
BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
MCGRAW-HILL COMPANIES REDIRECTED FROM WITNESS ALEXANDROVICH
(MH/USPS-T5-1)

The United States Postal Service hereby provides a response to the following interrogatory of McGraw-Hill Companies: MH/USPS-T5-1, filed on September 17, 1997, and redirected from witness Alexandrovich. The interrogatory was the subject of an objection filed on September 29, 1997.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 20, 1997

Response of United States Postal Service
to Interrogatories of
McGraw-Hill Companies'
(Redirected from Witness Alexandrovich, USPS-T-5)

MH/USPS-T5-1:

- (a) Please confirm that the volume variable costs calculated for Periodicals mail in this proceeding are higher than the attributable costs calculated for Periodicals mail (pursuant to section 54(a)(1) of the Commission's rules of practice) in this proceeding. See, e.g., Attachment A (attached hereto) to the Motion of the United States Postal Service for Reconsideration of Parts of Presiding Officer's Ruling No. R97-1/7 (August 15, 1997). To the extent that you are unable to confirm, please explain fully.
- (b) Please explain fully (with appropriate cross-references to USPS-LR-H-196 and 215, and to any other relevant materials) each of the factors which cause the volume variable costs calculated for Periodicals Regular mail to be higher than the attributable costs calculated for Periodicals Regular mail.

MH/USPS-T5-1 Response:

- (a) Part (a) is confirmed.
- (b) To understand fully each of the factors which cause the volume variable cost calculated for Periodicals Regular mail to be higher than the attributable costs calculated for Periodicals Regular mail, begin with a comparison of Witness Alexandrovich's workpapers, WP-B, and the Commission's workpapers provided in Section 4 of Library Reference H-196 (revised). Next, refer to Attachment I to this response. Attachment I shows the differences in Periodicals Regular mail between the Postal Service's cost model and the Commission's cost model on a component by component basis. Columns (1), (6) and (11) are the component numbers used in the Postal Service's cost model. See the testimonies of Witnesses Alexandrovich, USPS-T-5 and Patelunas, USPS-T-15. Columns (3), (8) and (13) are the component numbers used in the Commission's cost model. See USPS Library References H-196 (revised) and H-215 (revised). Section 12 of USPS Library Reference H-196 shows: an

Response of United States Postal Service
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MH/USPS-T5-1 Response continued:

arrangement by cost segment, a descriptive title for each of the components and a cross-walk between the Postal Service's component numbers and the Commission's component numbers. Additionally, the last column of USPS-LR-H-196, Section 12 shows that either there is no difference between the Postal Service's model and the Commission's model or that there is a difference, and where there is a difference, the reason for the difference is provided.

Attachment I shows the Postal Service's Base Year 1996 variable costs less PEPPA costs in column (2) and the Postal Service's Base Year 1996 volume variable costs including PEPPA column (7). Likewise, the Commission's Base Year 1996 attributable costs less PEPPA costs appear in column (4) and the Commission's Base Year 1996 attributable costs including PEPPA appear in column (9). For Test Year 1998 After Rates, the Postal Service's variable costs including PEPPA appear in column (12) and the Commission's attributable costs including PEPPA appear in column (14). The amounts shown in columns (5), (10) and (15) are the differences between the Postal Service's model and the Commission's model for each of the years indicated.

Attachment I is a comparison of the output of the two models. To understand the differences between the Postal Service's cost model and the Commission's cost model, please refer to the following. The Postal Service's cost model is documented in: Docket No. R94-1, USPS Library Reference G-5, Costs and Revenue/Roll Forward, Listings of Programs, Job Control Language, and Command Procedures, and Docket No. R97-1, USPS Library References H-4, Base Year/Roll Forward, Input Data Files, and H-5, Base Year/Roll Forward, Processing Documentation reports. Additionally, Attachment I and II to Witness Patelunas's response to OCA/USPS-T5-3, redirected

Response of United States Postal Service
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(Redirected from Witness Alexandrovich, USPS-T-5)

MH/USPS-T5-1 Response continued:

from Witness Alexandrovich might be helpful. The Commission's cost model is documented in Docket No. R97-1, USPS Library References H-196 (revised) and H-215 (revised).

USPS BY96 A File		PRC BY96 A File		USPS BY96 C File		PRC BY96 C File		USPS 98 TYAR C File		PRC 98 TYAR C File	
Component (1)	Amount (2)	Component (3)	Amount (4)	Difference (5)=(2)-(4)	Component (6)	Amount (7)	Component (8)	Amount (9)	Difference (10)=(7)-(9)	Component (11)	Amount (12)
4	35,913	2,01	40,793	-4,880	4	35,913	2,01	40,793	-4,880	4	38,450
7	204	2,02	85	119	7	204	2,02	85	119	7	218
9	1,526	2,03	1,529	-3	9	1,526	2,03	1,529	-3	9	1,634
13	7,840	2,04	8,089	-249	13	7,840	2,04	8,089	-249	13	8,394
14	2,728	2,05	3,119	-391	14	2,728	2,05	3,119	-391	14	2,920
15	0	2,06	193	-193	15	0	2,06	193	-193	15	0
16	352	2,07	117	235	16	352	2,07	117	235	16	363
17	1,755	2,08	1,545	210	17	1,755	2,08	1,545	210	17	1,879
18	723	2,09	262	441	18	723	2,09	282	441	18	787
680	0	2,10	734	-734	680	0	2,10	734	-734	680	0
26	1	2,12	3	-2	26	1	2,12	3	-2	26	1
30	2,308	2,15	2,350	-42	30	2,308	2,15	2,350	-42	30	2,469
31	36	2,16	41	-5	31	36	2,16	41	-5	31	38
601	1,267	2,20	1,356	-89	601	1,267	2,20	1,356	-89	601	1,357
674	402	2,21	323	79	674	402	2,21	323	79	674	430
675	3,041	2,22	1,608	1,433	675	3,041	2,22	1,608	1,433	675	3,256
676	1,206	2,23	1,302	-96	676	1,206	2,23	1,302	-96	676	1,290
677	3,106	2,24	3,180	-74	677	3,106	2,24	3,180	-74	677	3,326
678	5,716	2,25	6,014	-298	678	5,716	2,25	6,014	-298	678	6,117
35	467,201	3,01	362,766	104,435	35	467,201	3,01	362,766	104,435	35	493,023
36	0	3,02	114,094	-114,094	36	0	3,02	114,094	-114,094	36	0
40	2,186	3,04	960	1,226	40	2,186	3,04	960	1,226	40	2,389
228	5,097	3,07	7,053	-1,956	228	5,097	3,07	7,053	-1,956	228	5,507
41	1,038	3,08	0	1,038	41	1,038	3,08	0	1,038	41	1,095
421	2,437	3,09	3,542	-1,105	421	2,437	3,09	3,542	-1,105	421	2,633
66	0	310	79	-79	66	0	310	79	-79	66	0
422	14,623	311	27,277	-12,654	422	14,623	311	27,277	-12,654	422	15,804
423	1,063	312	1,608	-545	423	1,063	312	1,608	-545	423	1,148
467	170	313	298	-128	467	170	313	298	-128	467	183
468	321	314	446	-125	468	321	314	446	-125	468	347
469	4	315	7	-3	469	4	315	7	-3	469	347
470	2,663	316	3,697	-1,034	470	2,663	316	3,697	-1,034	470	2,879
42	84	401	83	1	42	84	4,01	83	1	42	91
43	109,766	501	109,766	0	43	109,766	5,01	109,766	0	43	114,956
44	21,111	502	20,230	881	44	21,111	5,02	20,230	881	44	22,831
45	10	503	1	9	45	10	5,03	1	9	45	10
604	0	5,042	-5,042	0	604	0	5,042	-5,042	0	604	0

(1)	(2)	USPS BY96 A File	PRC BY96 A File	USPS BY96 C File	PRC BY96 C File	USPS 98 TYAR C File	PRC 98 TYAR C File	Components Amount	Difference								
(3)	(4)	(5)=(2)-(4)	(6)	(7)	(8)	(9)	(10)=(7)-(9)	(11)	(12)	(13)	(14)	(15)=(12)-(14)					
46	-45,544	52,074	-6,530	46	45,544	7,01	52,074	-6,530	46	49,256	7,01	56,323	-7,067				
47	0	7,02	192	-192	47	0	7,02	192	-192	47	0	7,02	206	-206			
48	5,876	7,04	1,947	3,929	610	0	7,03	3,037	-3,037	610	0	7,03	3,148	-3,148			
49	0	7,03	3,037	-3,037	48	5,876	7,04	1,947	3,929	48	6,125	7,04	2,069	4,066			
50	19,048	7,06	15,506	-12,259	49	19,048	7,06	15,506	-12,259	49	20,601	7,06	16,771	-12,733			
51	0	7,08	684	0	51	0	7,08	684	0	51	0	7,08	42	-42			
52	986	7,10	306	680	52	986	7,10	306	680	52	1,028	7,10	326	-702			
53	2,003	7,12	1,672	-1,672	639	0	7,11	1,672	-1,672	639	0	7,11	1,737	-1,737			
54	12,074	7,13	663	1,340	53	2,003	7,12	1,672	-1,672	639	1,340	7,12	729	1,470			
55	30,135	8,01	15,936	14,199	57	30,135	8,01	15,936	14,199	57	32,339	8,01	17,102	15,237			
56	6	9,01	12	-6	58	9,01	12	-6	58	58	6	9,01	13	-16			
57	11,02	7,94	19,585	98,749	69	98,749	10,01	79,164	19,585	69	98,697	10,01	83,933	20,764			
58	0	10,02	7,897	1,642	70	9,539	10,02	7,897	1,642	70	10,114	10,02	10,01	18,643	1,741		
59	17	9,02	31	-14	59	17	9,02	31	-14	59	17	9,02	33	-33			
60	0	11,04	0	0	81	1,212	11,04	0	0	81	1,212	11,04	0	1,255	1,47		
61	200	12,01	0	0	583	82	83	200	12,02	143	57	83	214	624	624		
62	583	12,04	1,34	-1	84	0	12,03	1	-1	84	0	12,03	1	-1			
63	0	12,03	143	57	83	200	12,02	143	57	83	214	624	624	624			
64	0	12:04	81	-1	84	0	12:03	1	-1	84	0	12:03	1	-1			
65	215	12:04	1,34	-1	84	0	12:03	1	-1	84	0	12:03	1	-1			
66	480	12:05	227	543	86	480	12:05	227	543	86	522	12:05	247	275	137		
67	685	12:06	155	17	543	172	12:06	155	17	543	17	543	17	543	18		
68	0	12:07	546	-546	685	0	12:07	546	-546	685	0	12:07	561	-561			
69	0	12:08	546	-546	685	1	12:08	3	-2	88	1	12:08	3	-2			
70	9,539	10:02	7,897	1,642	70	9,539	10:02	7,897	1,642	70	10,114	10,02	10,01	18,643	1,741		
71	13,710	11:02	11,769	1,941	75	13,710	11:02	11,769	1,941	75	15,775	11:02	13,610	2,165			
72	0	11:03	0	0	79	8,958	11:03	0	0	79	9,147	11:03	0	9,147			
73	0	11:04	0	0	74	18,301	11:01	0	0	74	18,301	11:01	0	18,643	1,741		
74	0	11:05	0	0	74	18,301	11:01	0	0	74	18,301	11:01	0	18,643	1,741		
75	13,710	11:02	11,769	1,941	75	13,710	11:02	11,769	1,941	75	15,775	11:02	13,610	2,165			
76	0	11:03	0	0	79	8,958	11:03	0	0	79	9,147	11:03	0	9,147			
77	0	11:04	0	0	79	8,958	11:03	0	0	79	9,147	11:03	0	9,147			
78	0	11:05	0	0	79	8,958	11:03	0	0	79	9,147	11:03	0	9,147			
79	0	11:06	0	0	74	18,301	11:01	0	0	74	18,301	11:01	0	18,643	1,741		
80	0	11:07	0	0	74	18,301	11:01	0	0	74	18,301	11:01	0	18,643	1,741		
81	0	11:08	0	0	81	1,212	11,04	0	0	81	1,212	11,04	0	1,255	1,47		
82	583	12:02	143	57	83	200	12:02	143	57	83	214	624	624	624			
83	200	12:03	143	57	83	200	12:02	143	57	83	214	624	624	624			
84	0	12:04	81	-1	84	0	12:03	1	-1	84	0	12:03	1	-1			
85	215	12:04	1,34	-1	84	0	12:03	1	-1	84	0	12:03	1	-1			
86	480	12:05	227	543	86	480	12:05	227	543	86	522	12:05	247	275	137		
87	685	12:06	155	17	543	172	12:06	155	17	543	17	543	17	543	18		
88	0	12:07	546	-546	685	0	12:07	546	-546	685	0	12:07	561	-561			
89	0	12:08	546	-546	685	1	12:08	3	-2	88	1	12:08	3	-2			
90	0	12:09	1,327	1,182	545	2,509	12:09	1,327	1,182	545	2,628	12:09	1,390	1,238			
91	640	12:10	49	49	640	64	12:12	0	0	640	64	12:12	0	0	699	68	
92	220	12:12	0	0	640	64	12:12	0	0	640	64	12:12	0	0	699	68	
93	0	12:13	1,327	1,182	545	2,509	12:09	1,327	1,182	545	2,628	12:09	1,390	1,238			
94	236	12:14	1,182	1,182	545	2,509	12:09	1,327	1,182	545	2,628	12:09	1,390	1,238			
95	527	12:16	249	249	278	95	527	12:16	249	278	95	527	12:16	277	306		

(Redirected from Witness Alexsandrovich)

Attachment 1

MH/USPS-T5-1

(1) Component	(2) Amount	PRC BY96 A File	USPS BY96 C File	PRC BY96 C File	USPS 98 TYAR C File	PRC 98 TYAR C File	USPS BY96 A File	PRC BY96 A File	USPS BY96 C File	PRC BY96 C File	Component	Amount	Difference	(11)	(12)	(13)	(14)	(15)-(12)-(14)	
(3)	(4)	(5)-(2)-(4)	(6)	(7)	(8)	(9)	(10)-(7)-(9)	(11)	(12)	(13)	Component	Amount	Difference	(11)	(12)	(13)	(14)	(15)-(12)-(14)	
549	178	12.17	160	18	549	178	12.17	160	18	549	190	12.17	171	19	1.1	1.1	1.1	-628	
97	2	12.18	598	-598	12.18	598	12.19	3	-1	97	2	12.18	628	628	-628	-628	-628		
550	3,120	12.20	1,650	1,470	550	3,120	12.20	1,650	1,470	550	3,332	12.20	1,762	1,762	1,762	1,570	1,570		
556	66	12.21	53	13	556	66	12.21	53	13	556	70	12.21	56	56	14	14	14		
100	288	12.23	279	9	100	288	12.23	279	9	100	325	12.23	344	344	11	11	11		
101	100	12.24	116	-16	101	100	12.24	116	-16	101	112	12.24	130	130	-18	-18	-18		
102	0	12.25	8	-8	102	0	12.25	8	-8	102	102	12.25	8	8	8	8	8		
103	15	12.26	5	-5	103	0	12.26	5	-5	103	103	12.26	6	6	6	6	6		
128	50	13.10	55	-5	128	81	13.09	80	1	127	92	13.09	90	90	2	2	2		
127	81	13.09	80	1	127	229	12.30	121	108	568	252	12.30	133	133	119	119	119		
568	229	12.30	30	-30	12.28	30	12.28	12.28	-30	104	36	12.28	14	14	22	22	22		
104	32	12.28	112	12.27	104	32	12.27	12	104	104	20	12.27	14	14	2	2	2		
129	0	13.11	13.11	3	130	0	13.11	13.11	3	131	1	13.13	131	131	1	1	1		
130	3	13.12	1	1	131	4	13.14	6	6	131	1	13.13	131	131	1	1	1		
138	0	13.18	48	-4	138	44	13.18	48	4	137	70	2	136	81	79	79	79	79	
137	44	13.18	48	-4	136	72	13.17	72	6	13.14	6	6	13.14	7	7	7	7	7	
136	72	13.17	70	2	13.22	6	13.22	6	6	13.21	1	13.21	1	1	2	2	2		
139	3	13.19	3	-3	138	44	13.18	48	4	13.19	3	13.20	13.19	13.19	3	3	3		
138	0	13.19	3	-3	137	72	13.17	72	2	13.18	49	13.18	54	54	5	5	5		
140	4	13.20	1	1	139	3	13.20	1	2	13.21	1	13.21	1	1	2	2	2		
140	4	13.21	1	1	140	4	14.01	13.515	0	14.01	142	15.737	14.01	15.800	6	6	6		
142	13.515	14.01	12.21	-12.21	142	13.515	14.01	13.515	0	14.01	142	15.737	14.01	15.800	-63	-63	-63		
681	0	14.02	12.21	-12.21	681	0	14.02	121	-121	681	0	14.02	27	27	-27	-27	-27		
143	158,791	14.03	18,786	-18,786	143	158,791	14.03	18,786	0	14.03	143	179,998	14.03	156,062	23,936	23,936	23,936		
144	72,680	14.04	72,881	-72,880	144	72,881	14.04	72,881	-1	14.05	145	77,630	14.04	77,631	-1	-1	-1		
145	3,108	14.05	3,091	-1	145	3,108	14.04	72,881	-1	14.05	144	77,630	14.04	77,631	-1	-1	-1		
146	14.04	72,881	143	-1	144	72,880	14.04	72,881	-1	14.05	145	3,382	14.05	3,364	-18	-18	-18		
147	0	15.01	15.01	0	165	21,501	15.01	165	0	21,501	165	24,979	15.01	24,979	-1	-1	-1		
148	0	15.01	0	0	165	3,091	14.05	145	0	3,091	17	144	77,630	14.04	77,631	-1	-1	-1	
149	1,133	18.06	1,135	-1	194	1,133	18.06	1,135	0	18.06	1,135	18.06	18.06	1,353	1,926	1,926	1,926	1,926	
150	0	18.06	0	0	194	1,874	18.04	184	0	18.04	184	1,874	18.04	18.04	0	0	14,804		
151	5,464	18.09	5,475	-1	208	12,267	18.09	199	0	12,267	199	1,357	18.06	1,353	0	0	2,009		
152	201	18.09	5,475	-1	201	5,464	18.09	199	0	12,267	199	1,357	18.06	1,353	0	0	14,804		
153	204	15,072	18.13	-30	204	15,072	18.13	15,102	-30	15,102	204	14,704	18.13	14,666	38	38	38		

(Redirected from Witness Alexanderovich)
Attachment 1
MH/SPS-T5-1

(1) Component	(2) Amount	(3) PRC BY96 A File	(4) USPS BY96 C File	(5)=(2)-(4)	(6) PRC BY96 C File	(7) USPS 98 TYAR C File	(8) PRC 98 TYAR C File	(9) Component	(10)=(7)-(9)	(11) Component	(12) Amount	(13) Component	(14) Amount	(15)=(12)-(14)
71	18.17	0	0	71	148	18.17	0	148	71	169	18.17	0	169	0
1435	18.16	0	0	1435	12.512	18.18	0	12.512	1435	18.18	0	0	0	0
221	20.01	0	0	221	413	20.01	0	413	221	534	20.01	0	534	0
222	20.02	0	0	222	142	20.02	0	142	222	165	20.02	0	165	0
224	20.04	0	0	224	153	20.04	0	153	224	175	20.04	0	175	0
225	20.05	0	0	225	340	20.05	0	340	225	409	20.05	0	409	0
229	20.07	0	0	229	1	20.07	0	1	229	1	20.07	0	1	0
581	20.08	0	0	581	1,669	20.08	0	1,659	581	1,919	20.08	0	1,919	1
582	20.09	0	0	582	10	20.09	0	10	582	11	20.09	0	11	0
1436	20.22	0	0	1436	35.773	20.22	0	35.773	1436	40	20.22	0	40	0
252	68.133	72.670	44.537	252	68.133	72.670	-4.457	252	72.938	77.127	72.670	-4.457	77.127	-4.189
253	496.803	521.826	-25.023	253	496.803	521.826	-25.023	253	525.012	546.602	521.826	-21.590	546.602	-21.590
254	84	Total 4	135.047	84	Total 4	135.047	-4.160	254	83	91	Total 4	90	1	1
256	130.887	Total 6	135.047	256	130.887	92.784	-7.211	256	83	1	Total 6	146.025	-8.228	146.025
257	92.784	Total 7	99.995	257	92.784	Total 7	99.995	257	7.211	256	7.211	107.451	-7.131	107.451
258	30.135	Total 8	15.936	258	30.135	Total 8	15.936	258	32.339	257	32.339	100.320	-15.237	100.320
259	23	Total 9	14.199	259	23	Total 9	14.199	259	43	259	23	Total 9	46	-23
260	108.288	Total 10	87.061	260	108.288	Total 10	87.061	260	21.227	260	21.227	92.305	-22.506	92.305
261	13.710	Total 11	11.769	261	13.710	Total 11	11.769	261	1.941	261	1.941	13.610	-2.165	13.610
262	9.873	Total 12	6.078	262	9.873	Total 12	6.078	262	3.795	262	3.795	10.558	-4.083	10.558
263	261	Total 13	276	263	261	Total 13	276	263	-15	263	-15	292	-18	292
264	248.294	Total 14	229.613	264	248.294	Total 14	229.613	264	18.681	264	18.681	276.747	-252.884	276.747
265	261	Total 15	276	265	261	Total 15	276	265	1.163	265	1.163	11.474	-10.311	11.474
266	10.311	Total 16	11.474	266	10.311	Total 16	11.474	266	8.273	266	8.273	10.16	-9.234	10.16
268	268	Total 18	21.778	268	268	Total 18	21.778	268	-44	268	-44	18.123	-46	18.123

(Redirected from Witnesses Alexsandrovich)

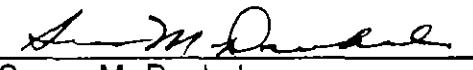
MH/USPS-T5-1

Attachment I

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Susan M. Duchek

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October 20, 1997